



Alexander M. Waldrop
President & CEO

December 11, 2007

Mr. Charles Klingman
Deputy Director
Office of Critical Infrastructure Protection and Compliance Policy
U.S. Department of the Treasury
Room 1327, Main Treasury Building
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Comments to Notice of Joint Proposed Rulemaking, Prohibition on Funding
Unlawful Internet Gambling: Docket Treas-DO-2007-0015; Docket Number
R-1298

Dear Mr. Klingman and Ms. Johnson:

On behalf of the National Thoroughbred Racing Association (NTRA), I appreciate the opportunity to present comments on the proposed rule required by the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA).

The NTRA is a non-profit trade association representing more than 75 United States pari-mutuel Thoroughbred horseracing tracks and advance deposit wagering service providers that collectively handle approximately 85 percent of all monies wagered on U.S. Thoroughbred horse races.

As such, the subject addressed by the proposed rule is of vital importance to the NTRA and the horseracing industry. Internet-based wagers placed on pari-mutuel horseracing, as authorized under the Interstate Horseracing Act of 1978 (15 U.S.C. 3001 et seq.) (IHA), are a significant and rapidly growing portion of the state licensed and regulated

NATIONAL THOROUGHBRED RACING ASSOCIATION

2525 Harrodsburg Road, Lexington, Kentucky 40504

Phone: (859) 422-2602 **Fax:** (859) 296-5202 **E-mail:** awaldrop@ntra.com **Internet:** www.ntra.com

transactions engaged in by our industry. In recognition of this, the statutory language of UIGEA requires that the regulations being issued under this rulemaking ensure that these transactions not be blocked or otherwise prevented.

We understand the challenges associated with developing this proposed rule and are appreciative of the efforts devoted to producing it. Based upon our careful review of the proposed rule, we have two specific comments. First, given the exclusion of any activity that is allowed under the IHA from the definition of the term “unlawful internet gambling” under 31 U.S.C. 5362(10)(D)(i), we believe the second sentence of §2(t) of the proposed rule faithfully carries out this statutory requirement. Second, although we believe the intent of the language in §5(d) of the proposed rule is to ensure, as 31 U.S.C. 5364 requires, that transactions in connection with any activity excluded from the definition of “unlawful internet gambling” under 31 U.S.C. 5362(10)(D)(i) are not blocked or otherwise prevented or prohibited under the prescribed regulations, we would urge you, in response to your request for comments on implementing the overblocking provision, to amend §6(c) of the proposed rule as follows:

- (1) delete “; and” at the end of paragraph (2)(ii)(C) and insert “;”;
- (2) delete the period at the end of paragraph (3)(ii) and insert “; and”; and
- (3) add at the end the following new paragraph:

“(4) With respect to any activity that is allowed under the Interstate Horseracing Act of 1978, rely upon a merchant category code (MCC) that is limited only to activities allowed under such Act.”.

This amendment would make clear that, in addition to the examples set forth in paragraphs (1), (2), and (3) of §6(c) of the proposed rule, the policies and procedures of a card system operator, a merchant acquirer and a card issuer are deemed to be reasonably designed to prevent or prohibit restricted transactions if, with respect to any activity that is allowed under the IHA, such operator, merchant acquirer or card issuer relies upon an MCC that is limited only to activities allowed under such Act.

Thank you for the opportunity to provide our comments.

Sincerely,



Alexander M. Waldrop
President and Chief Executive Officer